Capital Project Financing Options

Spackenkill Union Free School District
Board of Education Meeting
March 13, 2017
What is a capital project?

- In excess of $10,000
- New construction
- Renovations
- Additions
- Alterations
What is Building Aid?

- Aid from NYS on projects in excess of $10,000.
- Projects that house elementary or secondary students
- Computer equipment exempt from $10,000 threshold
- Building aid received on the total approved cost allowance X Building Aid Ratio
What is Building Aid?

- Building Aid ratios are based on a district’s full valuation of property as compared to the state average.

- Spackenkill’s building aid ratio is 57.3%.
What is building aid?

- Building Aid is paid based on an assumed amortization schedule for a period of probable usefulness (PPU)

- 15 years – renovations and reconstruction
- 20 years – additions
- 30 years – new construction
## Sample Project

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>$1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Aidable Costs</td>
<td>950,000</td>
</tr>
<tr>
<td>State Aid Amount 57.3%</td>
<td>544,350</td>
</tr>
<tr>
<td>Net Project Cost</td>
<td>405,650</td>
</tr>
</tbody>
</table>
Debt Service Payments

- Timing of borrowing is key
- Length of borrowing to coincide with receipt of state aid
- Look to fill gaps of retiring debt
- Favorable interest rate environment
- Aa2 Bond Rate – helps keep interest rates low
Current Debt Service

Amount

- 2015-16
- 2016-17
- 2017-18
- 2018-19
- 2019-20
- 2020-21
- 2021-22
- 2022-23
- 2023-24
- 2024-25
- 2025-26
- 2026-27
- 2027-28
- 2028-29
- 2029-30
- 2030-31
- 2031-32
- 2032-33
- 2033-34
- 2034-35

Amount
Debt Service with $11,750,000 project
Capital Exclusions

Office of the New York State Comptroller
Thomas P. DiNapoli • State Comptroller

Property Tax Cap
Formula for Determining Tax Levy Limit: School Districts

Base Formula

\[
\left( \left( \left( \frac{\text{Total taxes levied for prior fiscal year}}{\text{Prior year reserve offset}} - \text{Reserve amount (including interest earned)} \right) \times \text{Tax base growth factor} \right) + \text{PILOTs receivable in the prior fiscal year} \right) - \text{Capital tax levy exclusion, prior fiscal year} - \text{Tort exclusion, prior fiscal year}
\]

\[
\times \text{Allowable levy growth factor (1.00 to 1.02)}^2
\]

\[
+ \text{Available carryover, if any}
\]

= Tax Levy Limit

+ Exclusions

\[
\text{Tax levy necessary for expenditures resulting from court orders/judgments arising out of tort actions for any amount in excess of 5\% of the total taxes levied in the prior fiscal year} + \text{Capital tax levy} + \text{Tax levy necessary to pay for increases to the system average actuarial contribution rate (ERS) or normal contribution rate (TRS) of pension funds over 2 percentage points}
\]

= Tax Levy Limit, with Exclusions (if applicable)
Next Steps

- Look for the next debt service reductions for long range planning
- Meet with fiscal advisor regarding timing of borrowing(s)